Sweetener 360
Attitudes
Behaviors
Values

SIMPLIFYING SWEETNESS:

IDENTIFYING THE FACTORS THAT INFLUENCE CONSUMERS' ATTITUDES TOWARD SWEETENERS AND TESTING THEIR IMPACT ON YOUR BRAND

CornNaturally.com
Education. Support. Expertise.

SIMPLIFYING SWEETNESS

SEGMENTATION STUDY REVEALS HOW CONSUMER ATTITUDES AND BEHAVIOR TOWARD SWEETENERS CAN AFFECT YOUR BRAND

Sweet isn't so simple anymore. An array of options for sweeteners and other ingredients—each served with a supersized portion of opinions, research and media buzz—has complicated making great food at a fair price. Amid the questions around the benefits and risks of specific ingredients, confusion reigns.

How can food and beverage professionals know they are crafting the best formulations to create products that people will buy?

The 2015 Sweetener360 is the updated version of a groundbreaking study that cuts through the noise from manufacturers, scientists, consumers and media alike by directly surveying consumers about sweeteners and other ingredients for a range of food and beverage products. The first edition of the study, released in 2014, presented an unprecedented picture of how consumer attitudes toward sweeteners affect their shopping behavior.

The study uncovered six consumer segments, each with distinct attitudes and purchasing habits surrounding sweeteners. It also revealed a clear disconnect between what those consumers say and what they do, as well as critical trends and patterns in what motivates millions of consumers while shopping for foods and beverages.

The 2015 Sweetener360 validates those findings from last year and broadens the investigation to dive deeper into new patterns and trends that have real effects on your brand.

It found:

- Consumers are becoming more mindful of sweeteners and health, but purchase behavior isn't changing.
- Millennials' attitudes on health and wellness don't translate into purchase behavior.
- Consumer news and social media impact the attitudes of health-conscious consumers, but haven't affected what they buy.

Equipped with this critical information, food and beverage manufacturers can enter the test kitchen to formulate products that meet the needs and desires upon which consumers truly base their purchasing decisions

Here's what we found.

MEET THE SEGMENTS

CONSUMER LIFESTYLES REFLECTED IN SIX SEGMENTS

The first Sweetener360 study uncovered six distinct consumer segments that were defined by shared attitudes and behaviors about sweeteners and nutritional priorities.

In 2015, these same segments have grown to represent $58.5 billion—or more than 90 percent—of sales across 15 high-volume food and beverage categories. However, despite the growth, the segments themselves remained very consistent with last year's findings.

9% U.S. HH

WALTER:
NO HEALTH WORRIES

IN HIS OWN WORDS:

"**I DON'T CARE ABOUT BEING INFORMED;** I KNOW WHAT TASTES GOOD AND LEAVE IT AT THAT. I DON'T CARE ABOUT THE TYPE OF SWEETENER UNLESS IT DOESN'T TASTE GOOD. I HAVE OTHER THINGS TO WORRY ABOUT.

- From in-home video journals"

LOOKING DEEPER:

Walter pays little attention to nutrition and describes his diet as "eating whatever I want." This segment contains the largest representation of men and single households. Walter's segment has the fewest special dietary needs and remains the least likely to exercise. When reading nutrition labels, Walter looks for calorie information about half the time and checks out the sugar, fat and salt content less than a third of the time. Without much else on his mind, price and taste are generally the only factors he considers when making a purchase.

16% U.S. HH

TERESA:
TOO MANY PRIORITIES

IN HER OWN WORDS:

"I WANT TO COOK ONE MEAL THAT APPEALS TO EVERYONE—**IT MAKES NO SENSE TO BUY IT IF THE KIDS WON'T EAT IT.**

- From in-home video journals"

LOOKING DEEPER:

Teresa's segment tends to be younger, married and raising a bustling family. She describes her diet as "balanced" and sticks to tried-and-true meals, only trying new products if she has a coupon. She knows what she should do nutritionally, but competing priorities—time, price, family preferences and convenience—frequently push her to make different choices. Teresa's income rose more than other segments in the past year, but she continues to buy good-tasting products that are also discounted.

13% U.S. HH

SANDRA:
TASTE OVER HEALTH

IN HER OWN WORDS:

"I DON'T NECESSARILY WANT TO EAT SERIOUSLY HEALTHY, BECAUSE I REALLY LIKE FOOD—THAT'S BEEN A SERIOUS STRUGGLE. **IT TAKES EXTRA TIME AND MORE MONEY TO EAT HEALTHY** ALL THE TIME, ESPECIALLY WITH THE KIDS' BUSY SCHEDULES AND PICKY APPETITES.

- From in-home video journals"

LOOKING DEEPER:

With few health issues and a busy motherhood lifestyle, Sandra is focused on taste first and health second. Though she wants to eat healthier, Sandra doesn't invest time to learn about health or diet because her busy schedule doesn't allow it. Her family is financially stable, but she still shops with a budget in mind. This segment has the highest representation of middle-age consumers and has few dietary issues, allowing her to decide what she wants to eat with taste and time on the tip of her tongue.

MEET THE SEGMENTS

18% U.S. HH

JOAN:
DIABETICS & DIETERS

IN HER OWN WORDS:

"WITH MY HEALTH CONDITION, I'VE REALLY CHANGED MY DIET OVER THE LAST YEAR. **I USED TO BE A 'JUNK-FOOD JUNKIE,'** AND I STILL GO BACK TO SOME OF MY BAD EATING HABITS. ARTIFICIAL SWEETENERS ARE BETTER THAN SUGAR, BUT MODERATION IS THE MOST IMPORTANT."

- From in-home video journals

LOOKING DEEPER:

With the highest representation of diabetics and dieters, Joan's segment typically—but not always—buys food to aid her health. She has the highest age of the segments and is more likely to live in the South and East. Joan is interested in how ingredients impact long-term health, but she is not passionate about sweeteners because taste and price remain her top considerations when shopping. She uses the lowest amount of caloric sweeteners and is a critical contributor to products with low-/no-calorie sweeteners.

19% U.S. HH

JULIA:
HEALTHY BALANCE SEEKER

IN HER OWN WORDS:

"I TRY TO FIND A BALANCE BETWEEN HEALTHY AND AFFORDABLE. I THINK THERE IS ONE. **I WANT TO KNOW WHAT'S GOING INTO MY BODY** AND TO TEACH MY KIDS TO MAKE THE RIGHT CHOICES, BUT WE ALSO HAVE TO LIVE WITHIN OUR MEANS."

- From in-home video journals

LOOKING DEEPER:

Julia and her family are generally in good health and actively seek good eating habits. This segment views artificial sweeteners as unnatural and unhealthy, preferring to consume additional calories if the product uses natural ingredients. Julia has the largest share of total sales of all segments and tends to be part of cosmopolitan centers or affluent suburban spreads. She invests time to learn about the latest sweetener news and notices when nutritional information changes. Despite her health-conscious lifestyle, it's critical that products are affordable and taste good.

15% U.S. HH

STACEY:
ALL NATURAL

IN HER OWN WORDS:

"I AM CONCERNED ABOUT IMPROVING MY OVERALL HEALTH, BUT THE HEALTHIER OPTIONS ALSO JUST TASTE BETTER. YOU COULD CALL ME A FOODIE. I WANT MY KIDS TO HAVE THE BEST START AT LIFE. **I WANT THEM TO KNOW WHAT FOOD IS.**"

- From in-home video journals

LOOKING DEEPER:

When it comes to a health-conscious lifestyle, Stacey takes the cake (not that she'd be likely to eat it). This segment not only practices healthy and natural eating habits, but it also actively researches and participates in discussions about them. Stacey's segment is an opinion leader, with more than half of the segment frequently asked by others about healthy ingredients. "All natural" describes her views well, but her actual purchases include a variety of products. This segment is the most racially and ethnically diverse and has the highest representation of consumers with special dietary needs.

So What?

These six segments uncover valuable insights for food and beverage manufacturers seeking to understand consumer behavior, enabling them to tap in to the $58.5 billion they represent.

While each segment has unique attitudes, it is important to understand that they are all significant contributors to sales of products formulated with sugar, high fructose corn syrup (HFCS) and low-/no-calorie sweeteners year after year.

What does this mean? There's a difference in what consumers SAY and DO.

MINDFUL OF HEALTH

CONSUMERS ARE BECOMING MORE MINDFUL OF HEALTH, BUT THEIR PURCHASE BEHAVIOR ISN'T CHANGING

Overall, consumers are becoming increasingly mindful of how sweeteners and other ingredients such as GMOs, sodium and gluten affect their health. Despite their healthful intentions, however, they are still purchasing products made with all types of ingredients. Consistent with last year's findings, research shows consumer spending remains strong regardless of commitments to a specific lifestyle.

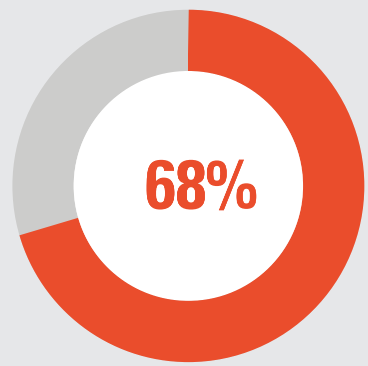
The segment with the most mindful attitude toward health and wellness, Julia, has grown to 19 percent of U.S. households and replaced Teresa as the largest. Additionally, the percentage of overall consumers who claim they are avoiding total sugars increased slightly from last year to about 25 percent.

As consumers increasingly claim to be mindful of their eating habits, it is critical for marketers to understand how they actually practice healthful eating. For example, below are the top three ingredients consumers claim to avoid:

1. Total sugars
2. Fats
3. Sodium

Health-conscious consumers aren't all cutting out specific ingredients, but they are monitoring their consumption of broad categories that they know are better consumed in moderation.

OVERALL, 68% OF CONSUMERS AGREE THAT MODERATION IS MORE IMPORTANT THAN MONITORING SWEETENER INGREDIENTS.



That pattern is reflected in an important finding from last year's Sweetener360 that remains true this year: Regardless of what they say, all segments are strong contributors to sales of products formulated with sugar, HFCS and low-/no-calorie sweeteners.

TOP INGREDIENTS EACH SEGMENT CLAIMS TO AVOID

WALTER

	AIDED	UNAIDED
Sugars	24.1%	6.2%
HFCS	9.6%	0.5%
Sodium	27.5%	3.2%
Artificial Ingredients	5.3%	2.7%
GMOs	6.1%	0.1%
Gluten	3.9%	1.1%

SANDRA

	AIDED	UNAIDED
Sugars	22.8%	5.7%
HFCS	14.3%	0.3%
Sodium	39.8%	5.4%
Artificial Ingredients	15.6%	3.4%
GMOs	14.7%	0.1%
Gluten	7.9%	1.3%

TERESA

	AIDED	UNAIDED
Sugars	54.7%	29.9%
HFCS	27.6%	2.4%
Sodium	48.6%	12.5%
Artificial Ingredients	28.2%	7.1%
GMOs	24.1%	0.6%
Gluten	10%	3.6%

JOAN

	AIDED	UNAIDED
Sugars	74.2%	39.9%
HFCS	65.6%	3.5%
Sodium	55.5%	12.9%
Artificial Ingredients	36.5%	6.9%
GMOs	31.2%	0.7%
Gluten	12.7%	4.3%

JULIA

	AIDED	UNAIDED
Sugars	47.2%	24.5%
HFCS	86.2%	17.3%
Sodium	46.7%	15.6%
Artificial Ingredients	53.5%	16.6%
GMOs	47.7%	3.4%
Gluten	13.6%	5.4%

STACEY

	AIDED	UNAIDED
Sugars	72.8%	43.4%
HFCS	77.8%	9.2%
Sodium	62%	17.7%
Artificial Ingredients	69.9%	19.9%
GMOs	65.2%	5.8%
Gluten	23.2%	9.8%

A Word about "Aided" vs. "Unaided" Questions

This is researcher's jargon, but it's critical to understanding what is actually on consumers' minds.

Aided questions give consumers a list of possible answers, whereas unaided questions are open-ended. So, unaided answers reflect the things that are noteworthy enough for consumers to remember without prompting.

The Sweetener360 uses a mix of aided and unaided questions in order to get the most accurate picture of consumer attitudes.

TOTAL VS. TYPE

CONSUMERS FOCUS ON MODERATING TOTAL SUGARS MORE THAN ELIMINATING SPECIFIC SWEETENERS

One of the most significant findings of the first Sweetener360 study was that consumers are much more concerned with the amount of total sugars than they are with any single type of sweetener. That sentiment remains strong this year.

Overall, more than four times as many consumers express concern for total sugars than for HFCS. Even in the most health-conscious segment, Stacey, almost five times as many consumers express concern for total sugars than they do for HFCS.

Food and beverage manufacturers seeking to create products that will succeed with consumers would do well to understand their true priorities.

STACEY AND JULIA

As consumers overall are becoming more mindful of healthfulness, Julia and Stacey are of particular importance. Stacey is the most conscious and vocal about her eating habits, and Julia, the mindful shopper interested in "healthy balance," is now the largest segment.

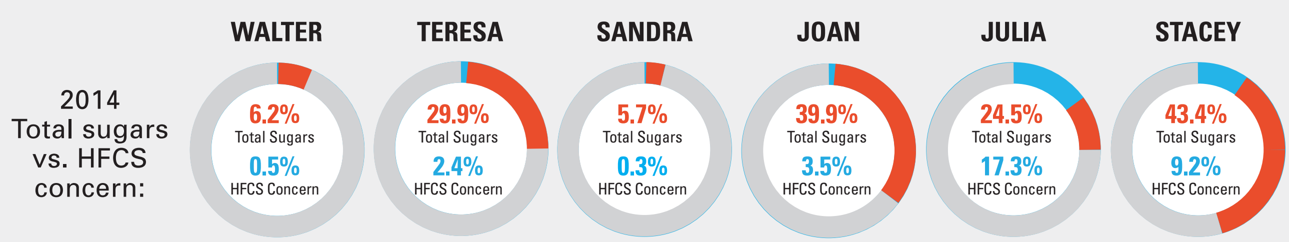
Together, they represent 34 percent of the population and can be seen as the consumers that food and beverage marketers should understand and seek to satisfy.

While organic may seem to have "gone mainstream," it is still too costly or not feasible for many food and beverage brands. So how much impact do Stacey and Julia have on your brand?

Not much. This study found that Stacey is vocal about her concerns and freely shares them with friends and family, but still buys her share of products sweetened with HFCS. Julia is less vocal and more mindful of overall health and diet, but she, too, buys her share of HFCS-sweetened products.

TOTAL SUGARS VS. SPECIFIC SWEETENERS

Across all segments, almost five times the consumers are concerned about total sugars than specific sweeteners, including HFCS.



IN THE MEDIA

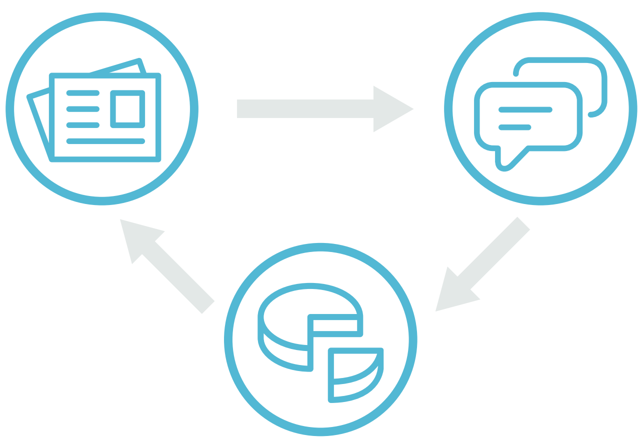
TRADITIONAL AND DIGITAL MEDIA INFLUENCE ATTITUDES BUT NOT PURCHASING BEHAVIOR

Undeniably, one of the most significant drivers of interest and concern about healthful eating among consumers is the media—both traditional and New Age. This study found that social media amplifies discussions about the potential harms of certain dietary habits, but mainstream media, such as TV and print journalism, still remains the more important driver of consumer perceptions.

Unfortunately, food and beverage manufacturers must remain on the defensive as consumers are flooded with misinformation from social media and consumer news about the impact of ingredients on health and wellness.

As a recent study conducted by the Center for Media and Public Affairs at George Mason University revealed, stories in the media are often unbalanced, feature anonymous sources and lack context to give consumers the full picture.

Consumer news often ignores scientific findings to drive readership, creating false controversy at the expense of telling consumers the full story.



Reported ingredient avoidance can influence food and beverage manufacturers to make unnecessary changes to formulations and marketing strategies.

All that misinformation might motivate consumers to say they avoid specific ingredients, even if their receipts tell a different story.

The most health-conscious Sweetener360 consumer segments—Joan, Julia and Stacey—rely on these unbalanced news sources about three times the rate of the rest. The survey data tells us that they are getting their news from a range of sources, including newspapers, cookbooks, TV programs, news websites and radio.

IN THE MEDIA

Perhaps the most interesting source is social media. Not only can people find information through these online channels, but they can also easily spread their own views and, quite possibly, misinformation. Research has shown that much of social chatter can be heavily skewed or dominated by a small percentage of posters, so marketers that use online conversations to gauge overall sentiment should understand it likely isn't representative of all consumers.

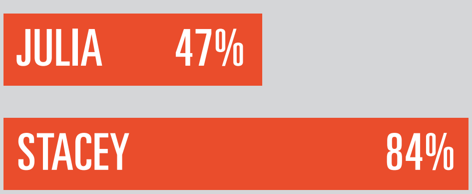
Social media and consumer news have created a vocal minority of critics, pressuring some food-brand marketers to undertake costly reformulations and redesign promotional strategies—when, in reality, the data shows the majority of customers really don't care.

BEYOND THE BUZZ

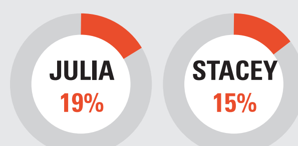
The two segments most likely to stay on top of sweetener news, Stacey and Julia, are also the most likely to report they are avoiding specific sweeteners like HFCS.

Regardless, both segments purchase almost the same share of products formulated with HFCS as their share of total grocery spending. Despite their claims, they continue to buy.

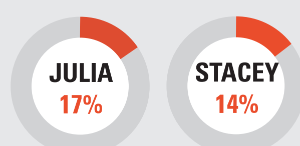
STAYS ON TOP OF LATEST NEWS ABOUT SWEETENERS



PERCENTAGE OF TOTAL GROCERY SPENDING



SHARE OF HFCS-SWEETENED SALES



THE MINDS OF MILLENNIALS

HOW THE DIGITAL GENERATION VIEWS, READS AND EATS HEALTHY

More than any other age group, millennials think much of the media coverage about sweetener ingredients is just hype—in fact, 30 percent do. Equipped with smartphones and an array of social media accounts, millennials are well practiced at taking online information with a grain of salt.

That's just one way in which millennials differ from the greater population. Fluent in the ever-changing trends of the digital age, this generation is also bombarded with news about health and wellness. Their needs and interests are distinct from the ways of older generations, and marketers must understand them in order to capitalize on their market share now and in the future.

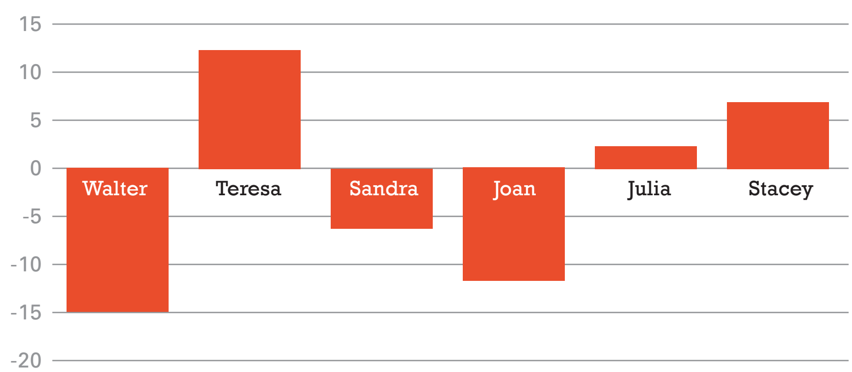
Here are some key trends the Sweetener360 uncovered about this generation:

- More than any other age group, millennials say products made with better-for-you sweeteners are worth the cost. But almost 70 percent—also the highest of any age group—say they focus on a well-balanced diet more than monitoring their intake of sweeteners.
- Millennials lead the pack in reporting that they usually pay more for natural or organic products, as well as saying it's worth it to sacrifice taste for healthier foods and beverages.
- Perhaps because of their relative youth, millennials care the least about products being made with GMOs or by a brand they trust.
- Like the majority of the Sweetener360 segments, millennials care most about taste and price. Their top purchase drivers are good tasting, with 87 percent ranking it as a top priority, and good value for the price, with 85 percent in agreement. Part of a healthy diet, at 64 percent, ranks a few steps down the list.

Despite their affinity for organic foods and mindfulness about health, millennials continue to purchase products sweetened with sugar and HFCS. In fact, they buy more than their fair share of those foods and beverages, but less than their share of products made with low-/no-calorie sweeteners.

SEGMENTING MILLENNIALS

Teresa, the busy and price-conscious shopper, has the highest representation of 18-to-34-year-olds. Stacey and Julia also have a higher-than-average representation for the same age group, and Walter and Joan fall far short.



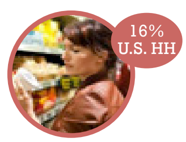
Graph represents segment index of age range 18-34
0 = average

OF TRUE IMPORTANCE

CONSUMERS ARE MOTIVATED MORE BY TASTE AND PRICE THAN BY HEALTH CLAIMS

Whether in the aisle of a grocery store or deciding which restaurant sounds best for dinner, consumers' purchases are seemingly influenced by many factors. But research shows that, year after year, most consumers are influenced mainly by two things: taste and price.

Like last year, most consumers surveyed listed the following as top factors while shopping: good-tasting food (90 percent), good value for the price (85 percent) and kid preferences (80 percent). In the world of tight budgets and picky eaters, consumers clearly view food as a fuel that should be both enjoyable and affordable.



	WALTER NO HEALTH WORRIES	TERESA TOO MANY PRIORITIES	SANDRA TASTE OVER HEALTH	JOAN DIABETICS & DIETERS	JULIA HEALTHY BALANCE SEEKER	STACEY ALL NATURAL
"How important is each of the following when deciding what food or beverage products to buy for you or your household?" (Top Box)	Is good tasting 73%	Is good tasting 53%	Is good tasting 52%	Is good tasting 44%	Is good tasting 47%	Is not overly processed 75%
	Is at a price I can afford 55%	Is at a price I can afford 53%	Is at a price I can afford 44%	Is at a price I can afford 44%	Is not made with HFCS 46%	Is part of a healthy diet 73%
	Is a good value for the price 52%	Is a good value for the price 48%	Is a good value for the price 41%	Is a good value for the price 42%	Is at a price I can afford 45%	Is good tasting 70%
	Is something I know my kids will like 42%	Is something I know my kids will like 37%	Is something I know my kids will like 37%	Is something I know my kids will like 33%	Is a good value for the price 41%	Is made with natural ingredients 67%
	Is fast and easy to prepare 26%	Is available with a coupon or on a good deal 22%	Is available with a coupon or on a good deal 21%	Is part of a healthy diet 24%	Is not overly processed 31%	Is not made with HFCS 65%

IS THE LANDSCAPE REALLY SHIFTING?

The food and beverage market is seemingly in perpetual motion. Consumers' priorities are always shifting under the pressure of countless factors that compete with one another.

One of the most significant shifts revealed by the 2015 Sweetener360 is an increase in consumers' mindfulness of health and wellness. More shoppers reported being aware of what they eat and said they are avoiding certain foods, beverages or ingredients.

But what isn't shifting is consumer purchase behavior. Consistent with last year, this study found that all segments remain significant contributors to sales of products made with all types of sweeteners.

The "say vs. do" dynamic is always at work. This doesn't mean marketers should ignore what consumers say, but it reinforces the importance of comparing reported attitudes to actual sales data.

SAY VS. DO

- CONSUMERS ARE BECOMING MORE MINDFUL OF SWEETENERS AND HEALTH, BUT PURCHASE BEHAVIOR ISN'T CHANGING.
- MILLENNIALS' ATTITUDES ON HEALTH AND WELLNESS DON'T TRANSLATE INTO PURCHASE BEHAVIOR.
- CONSUMER NEWS AND SOCIAL MEDIA IMPACT THE ATTITUDES OF HEALTH-CONSCIOUS CONSUMERS, BUT HAVEN'T AFFECTED WHAT THEY BUY.

OVERCOMING THE BUZZ

Unlike some unbalanced consumer news coverage and poorly informed social media posts, the 2015 Sweetener360 shows that consumers are not, in fact, demonizing specific sweetener ingredients.

Judging by actual sales data, the vast majority of consumers are not making their purchase decisions on the based on buzz around sweetener types. But at the same time, there's growing evidence that consumers are becoming more mindful; few see specific sweeteners as the "problem," but they do have concerns about total sugars.

Instead of perpetuating unbalanced buzz, this mindful approach from consumers demands that food and beverage marketers be equally mindful in developing products and marketing their brands. The buzz might be loud, but it's behavior that matters.

WHAT'S NEXT?

For food and beverage marketers who want to create products that truly align with what consumers buy, visit CornNaturally.com/sweetener-360 to schedule a free onsite presentation. You'll receive customized analysis on up to three of your brands using the Sweetener360 Segmentation.

In addition, you will uncover actionable insights about your medium and heavy brand buyers and discover the differences in what consumers say and what they actually do when purchasing your products.

NOTES

NOTES

METHODOLOGY

The Corn Refiners Association commissioned Nielsen and Mintel Consulting to create and conduct a 15-minute consumer survey to test previous sweetener studies and to segment consumers into distinct sweetener and nutritional profiles.

The 15,552 panelists—a 37 percent increase from the first Sweetener360 study conducted in 2013—completed the survey in September 2014. Mintel Consulting applied the identical Sweetener360 Segmentation methodology created for the 2013 report.

In addition, Nielsen Homescan tracked the actual purchases of the primary grocery shoppers that were surveyed. This purchase data was combined with their survey responses to create an unprecedented analysis between consumers' attitudes and actual behavior.

The 15 food and beverage categories used to track actual purchases were bread, ketchup, cookies, cold cereal, cereal bars, ice cream, jams and jellies, salad dressing, carbonated soft drinks, flavored milk, fruit drinks, sports drinks, flavored still water, spaghetti sauce and yogurt.

For food and beverage marketers who want to confidently create products consumers will buy, visit **CornNaturally.com/sweetener-360** to schedule a free onsite customized presentation. Using the Sweetener360 Segmentation to compare consumer attitudes with purchase behavior around up to five of your brands, the analysis will uncover your light, medium and heavy brand buyers, showing the differences in what consumers say and what they actually do when purchasing your products.

CornNaturally.com

Education. Support. Expertise.